

**M e m o r a n d u m**

Date: August 18, 2008

To: Office of the Assistant Commissioner, Inspector General

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**  
Office of Inspections

File No.: 10.11731.A13584

Subject: VALLEY DIVISION OVERTIME AUDIT FOLLOW-UP

On July 13, 2006, the Office of the Commissioner directed the Office of Internal Affairs, Audits and Evaluation Unit, (reorganized under Office of Inspections, Audits Unit) to perform an audit of Valley Division overtime usage. Commissioner M. L. Brown requested an audit of the overtime claimed by non-uniformed personnel within Valley Division for the fourth quarter of Fiscal Year (FY) 2005/2006. The audit required an in-depth review of departmental overtime policies and procedures, Bargaining Unit contracts between the state and represented employees, and applicable state statutes.

On May 5, 2008, a follow-up review was conducted on Valley Division's corrective actions implemented as of January 2007.

The review consisted of assessing the corrective actions completed, as documented in the response memo. The Audits Unit reviewed:

- Memorandums to Area Commanders - January 2007 through April 2008
- Overtime Allocation budgets - Fiscal year 2007/2008
- Memos (monthly) justifying overage of allocated overtime - January 2007 through April 2008
- Overtime Tracking Reports - January 2007 through April 2008
- Policies and Procedures implemented
- Monthly Attendance Reports (CHP 71's) - May 2007 and February 2008
- Division Area Commander Conference (DACC) meeting agendas/minutes - January 2007 through April 2008
- Other documents pertaining to the corrective actions in place.

The following is the Executive Summary regarding Valley Division's implementation of corrective actions. For more detail, please refer to the attachment.

Finding 1: Management of overtime funds. - Fully Implemented.

Finding 2: Improper Use of Leave Credits. - Fully Implemented.

Finding 3: Attendance Reporting/24-Hour Workday. - Fully Implemented.

*Safety, Service, and Security*

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Valley Division has taken proactive measures to resolve the findings of the September 2006 Overtime Audit. We commend the office for creating the overtime reports and spreadsheets as a valuable tool to track, control, monitor, and project overtime. The overtime reports in Area offices keep the format consistent and easy to review at the Division office. Requesting Special Project Codes for the reimbursable funds tracks each project and provides reliable data for each project.

  
R. J. JONES, Captain  
Commander

Attachment

APPROVED 8/19/08  
  
Assistant Commissioner, Inspector General

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On February 22, 2008, the Office of the Commissioner sent a memorandum to Valley Division requesting a response to the Valley Division Overtime Audit (Overtime Audit). The memorandum also established that the Audits Unit would be following-up on the Overtime Audit and would be requesting documents based on the response to the findings.

The Audits Unit began the follow-up review on May 5, 2008. Prior to the auditor arrival, a request for documents/reports was submitted to Valley Division. All documentation except for the weekly Division meeting agendas/minutes was available and organized for the auditor, which made the review exceptionally straightforward. Lt. John Arrabit to obtained answers for our questions during the review. Valley Division has been proactive in clearing the findings for the Overtime Audit.

This follow-up review was specific to non-uniformed employees. The review consisted of assessing the corrective actions completed, as documented in the response memo. The Audits Section reviewed:

- Memorandums to area Commanders - January 2007 through April 2008
- Overtime allocation budgets - Fiscal year 2007/2008
- Memos (monthly) justifying overage of allocated overtime - January 2007 through April 2008
- Overtime Tracking reports - January 2007 through April 2008
- Policies and procedures implemented
- Monthly Attendance Reports (CHP 71's) - May 2007 and February 2008
- Division Area Commander Conference (DACC) meeting agendas/minutes - January 2007 through April 2008
- Other documents pertaining to the corrective actions in place.

## Findings

### **Finding 1: Management of Overtime Funds**

**Condition:** Valley Division inadequately managed the overtime allocation in fiscal year (FY) 2005/2006. At the beginning of the FY, a reserve in the amount of \$600,000 was set aside. The money was not reconciled on a monthly basis, consequently, the reserve was overlooked and not discovered until May 2006. Unaware of the funds, Valley Division requested an additional allocation of \$163,100.

**Criteria:** Proper overtime management and best business practice

### **Auditee Response:**

- Instruction was given to all Commanders that overtime would only be used in a manner consistent with Government Code Section 19851, which requires avoiding the necessity for this type of expenditure whenever possible.

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- Valley Division dispersed the allocations to areas, with the instruction to use these moneys, wherever possible and appropriate, to replace or supplement the use of non-reimbursable overtime for activities falling within the guidelines of a grant project agreement.
- Because departmental reports of overtime balances are normally only available one month following the period of use or later, each area is required to maintain a real-time tracking system to locally monitor overtime use.
- Division developed and regularly distributes an overtime expenditure spreadsheet which provides information, by area as well as on a Division level, on non-reimbursable overtime balances, rates of use, and projected overages.
- Commanders are instructed to conduct a review and analysis of local processes to manage and track court, shift coverage, and Special Enforcement Unit (SEU) overtime assignments, and implement changes where necessary to minimize these types of overtime expenditures.
- Commanders are reminded to closely monitor Compensating Time Off (CTO) banks to ensure CTO-designated overtime does not inadvertently convert to paid overtime.
- Commanders are instructed to contact the appropriate Sector Chief as soon as they anticipate an overage of their area's non-reimbursable overtime work period allocation. Commanders are advised overtime expenditures are not to exceed their work period allocations without the permission of the Sector Chief.
- Commanders are required to submit a Monthly Overtime Memorandum to Division, which includes discussion of area non-reimbursable overtime balances, measures implemented to control non-reimbursable overtime expenditures, and justification if an Area exceeded its work period non-reimbursable overtime allocation.
- During Valley Division Area Commanders' Conferences and quarterly Strategic Planning meetings, grant-funded and non-reimbursable overtime discussions are included to address and review each area's fiscal allocations and spending patterns.
- At the Division level, weekly meetings are held to discuss non-reimbursable and grant-funded overtime expenditures.
- Division continues to secure as many officer positions as possible to bring area staffing levels back in line with guideline strengths and reduce the overtime used for shift extensions and shift coverage.

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- Division developed and distributed a spreadsheet for use by commanders to project and estimate overtime costs associated with annual local events or other anticipated details that have historically resulted in spikes in overtime spending during a typical fiscal year.
- In addition to controls implemented to reduce and better monitor areas' non-reimbursable overtime expenditures, Valley Division implemented internal procedures to reduce and monitor overtime expenditures within the Division office.
- Each Division unit was provided an annual non-reimbursable overtime allocation. Unit supervisors were instructed to advise the sector chief, through appropriate channels, as soon as they anticipated an overage of their unit's non-reimbursable overtime work period allocation. Division managers and supervisors were advised Units' overtime expenditures were not to exceed their work period allocations without the permission of the sector chief.
- Division Units were provided a spreadsheet to maintain a real-time tracking system to monitor the Unit's overtime use. Units are required to submit these spreadsheets to management and the Division Overtime Coordinator following each work period.
- Division requested several new non-reimbursable Special Project Codes (SPC) to refine the tracking and monitoring of expenditures traditionally charged to SPC 95 – Division pool overtime, by area personnel working overtime associated with special Division functions and activities (e.g., Division Critical Incident Investigation Team and Division Honor Guard). Area Commanders and managers were advised to ensure these new SPCs, as well as Statewide SPCs already in place (e.g., SPC 565 for Mobile Field Forces), are used in lieu of SPC 95 wherever appropriate. With the recent cancellation of SPC 95 and implementation of Overtime Duty Code 95 in its place, area commanders and managers will be advised to ensure the non-reimbursable SPCs are used in conjunction with Overtime Duty Code 95. As with SPC 95 overtime, Division approval is required prior to utilizing Overtime Duty Code 95 and areas will be reimbursed by Division for this overtime. A spreadsheet has been created to track each SPC to ensure expenditures were pre-approved and to provide Division management the ability to review and analyze these types of expenditures to determine where overtime spending can be reduced.
- Division requested new non-reimbursable SPCs for each Division Unit and/or general function of the Division to aid in more closely monitoring non-reimbursable overtime spending within the Division office. Division management and Unit supervisors have been instructed to use the new SPCs on all CHP 415s documenting non-reimbursable overtime, unless a different SPC has already been established for tracking purposes (e.g., SPC 126 for Multidisciplinary Accident Investigation Team (MAIT) and SPC 903 for Wild Land Fires).

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**Auditor Observation:**

- Valley Division has developed an allocation budget for uniformed and non-uniformed overtime, with a reserve of 19% and 12% respectively.
- The reserved overtime allocation is visible on the non-reimbursable overtime allocations report each month.
- Each Area office was given an annual and work period allocation (for uniform and non-uniform employees) with instruction for each office being responsible for their budgeted allocation.
- Area offices are to submit overtime reports monthly. Spreadsheets were developed and distributed to area offices with training, by the Division analysts, on filling out the reports in May 2007 for area office attendance clerks. The information provided on these reports also allows commanders to project and estimate overtime costs.
- Each Area Commander was directed to submit a memo if there is an overtime overage, explaining the overage, justifying the overage, and a plan to reduce overtime.
- Specific SPCs are in place for non-reimbursable projects to refine tracking and monitoring of expenditures. This is done only for the uniformed employees, however, this tool would also work for the non-uniformed employees.
- Quarterly Division Area Commander Conference discussions address non-reimbursable overtime, to include each Area's fiscal allocations and spending patterns.

**Auditor Conclusion:**

The corrective steps listed above have been fully implemented to resolve Finding 1, Management of Overtime Funds. Some of the steps were prepared specifically for the uniform employees; however, implementation of the corrective actions also resolves the Management of Overtime Funds for the non-uniform employees.

**Finding 2: Improper Use of Leave Credits**

**Condition:** Supervisors approved the use of leave credits to allow non-uniformed employees to claim overtime during the same period. Leave credits are Informal Time Off (ITO), sick leave, CTO and vacation. It should be noted ITO is a non-compensable leave credit and cannot be used to constitute a workday. Additionally, Bargaining Unit (BU) 7 specifically prohibits the use of sick leave hours to constitute a workday.

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**Criteria:** California Government Code Section 19851 requires the state to avoid the necessity for overtime work whenever possible.

**Auditee Response:**

- During Valley Division Area Commanders' Conferences (DACC) and quarterly strategic planning meetings, commanders have been reminded of policy contained in the Highway Patrol Manual (HPM) 10.3, Personnel Transaction Manual – Chapters 21, 22, 24, and 28.
- Commanders and supervisors have been directed to prohibit the use of overtime hours during scheduled absences unless absolutely necessary, and at no time will ITO be used to constitute a workday.

**Auditor Observation:**

During the quarterly DACC, Commanders have been reminded of policy contained in HPM 10.3, Personnel Transaction Manual - Chapter 21 – Sick and Bereavement Leave, Chapter 22 – Vacation, Annual Leave and Holiday-in Lieu, Chapter 24 - Overtime and Chapter 28 – Attendance Reporting.

Commanders have been directed to prohibit use of overtime hours during scheduled absences unless absolutely necessary. At no time will ITO be used to constitute a workday.

Upon review of the Attendance Reports (CHP 71's), May 2007 had several instances of overtime hours in conjunction with use of vacation, sick leave, and CTO. We did not observe any overtime usage in conjunction with time off when reviewing February 2008 CHP 71's. This demonstrates that over time Division will be able to improve control and minimize overtime usage with scheduled absences.

Area offices have implemented controls to eliminate overtime hours used during scheduled absences unless absolutely necessary, which resolves Finding 2, Improper Use of Leave Credits.

**Auditor Conclusion:**

The Division has implemented corrective actions which resolves Finding 2, Improper Use of Leave Credits.

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**Finding 3: Attendance Reporting/24-Hour Workday**

**Condition:** The use of leave credits and overtime claimed totaled more than 24-hours in a workday. The combination of leave credit hours and overtime claimed totaled 25 and 26 hours in a 24-hour period for some employees.

**Criteria:** California Government Code Section 19851 requires the state to avoid the necessity for overtime work whenever possible.

**Auditee Response:**

Commanders and supervisors continue to diligently review CHP 71s to ensure the 24-hour workday is not exceeded.

**Auditor Observation:**

Valley Division adheres to departmental policies and implemented controls to ensure the 24-hour workday is not exceeded.

Review of CHP 71's for May 2007 and February 2008 revealed the 24-hour workday was not exceeded and resolves Finding 3, Attendance Reporting/24-hour workday .

**Auditor Conclusion:**

The Division has implemented corrective actions which resolves Finding 3, Attendance Reporting/24-Hour Workday.

**Additional Observations:**

The three (3) findings in the Valley Division Overtime Audit have been resolved due to the diligent work by Valley Division to implement spending controls on overtime.

As a result of having Area Commands responsible for their overtime budget and usage on a monthly basis, there is more control and monitoring of all overtime usage.

By requesting and implementing specific SPCs for each project, Valley Division has seen a reduction in overtime. This is a result of uniform employees not using a "catch-all" overtime code and having to report specifically on each project. The non-uniformed employees would also benefit from using SPC for their timekeeping, however, grant projects are already identified on the CHP 71s.

The overtime spreadsheets and reports created by the Division analyst team has been a great tool for Division to track, monitor, and project overtime usage. These spreadsheets and reports also assist in keeping uniformity within the Division for reporting purposes. **These overtime**



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**spreadsheets are valuable and functional tools. We recommend the spreadsheets be used by all Divisions for consistency within the Department.**

Usage of overtime time during scheduled leave has been closely monitored. The supervisors require the employee to fill out a Daily Field Record (CHP 415) for overtime claimed. Supervisors are monitoring the time sheets more diligently. The 24-hour workday has not been exceeded during the scope of this review.

Valley Division has been proactive in resolving the findings of the Overtime Audit. However, the majority of the corrective actions have been directed at the uniformed employees. Monitoring the overtime of the uniformed employees is more complex than monitoring the non-uniform, thus not all worksheets are prepared for the non-uniform employees overtime. Some of the same worksheets used for the uniformed employees could also be utilized as documentation to monitor the overtime of non-uniformed employees.